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THE SITUATION IN EASTERN EUROPE

Report by the Political Division

PART I: GENERAL

Recent developments in Eastern Europe have seen

- the continuance of Moscow's drive to consolidate the Soviet bloc, to strengthen its ideological unity, and to reinforce Soviet hegemony over it;
- the accelerated socialisation of the Satellites, the regimes of which are tightening their hold over the peoples.

2. These trends were furthered at the 21st Party Congress in Moscow, and also reflected in speeches at the Polish Party Congress in March, 1959. Sharp strictures were directed at both meetings against the dangers of "revisionism". The continuance of this campaign, in which Moscow has had strong support from Communist China, indicates that in the internal politics of the Communist bloc, the Soviet-Yugoslav dispute is still a major factor, and that the Communist regimes have not forgotten the upheavals of 1956 in Hungary and Poland. Vigilance and greater severity are displayed towards any potential dissidence in the Satellites, and intellectuals have been warned to give more active support to the régimes.

3. At the 21st Soviet Party Congress, to which the Yugoslav Communists were not invited, Khrushchev's remarks constituted one of the strongest attacks launched against Tito since the days of Stalin. Moscow, by its punitive economic measures against a recalcitrant Yugoslavia, has accepted the risk of unfavourably impressing the uncommitted countries and of destroying the myth of "Soviet economic aid without strings". Tito's tour to Africa and Asia drew critical references from Moscow, and even more from Peking.

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4. Gomulka's public comments on the Yugoslav ideological issue have tended to sharpen. At first he gave the Yugoslavs credit for good intentions, but by November he attacked Yugoslav policy. In March, 1959, he said that the Yugoslavs did not belong to any part of the world workers' movement and had themselves chosen the role of outsiders; however, they could not maintain this attitude indefinitely and would sooner or later have to come down on the Marxist or Social Democratic side.

5. On his return to Belgrade after his tour, Tito served notice that he would reply in full measure to recent Soviet and Chinese attacks against him and his policies. He blamed Moscow for the anti-Yugoslav campaigns launched by Albania and Bulgaria.

6. Soviet proposals and pronouncements regarding Berlin and Germany are summarised in the Report on Trends and Implications of Soviet Policy. These, and other indications, underline Soviet determination to regard the maintenance and reinforcement of the Communist régime in the Soviet Zone of Germany as fundamental to the Soviet position in Europe, and to the Soviet hold over the bloc. This preoccupation, whatever other and wider aims may also be involved, is fully consistent with the intention to transfer to the Pankow régime the functions performed by Soviet occupation authorities in Berlin, with a view to enhancing the authority and prestige of the "DDR" and in the hope of manoeuvring the Western Powers into recognising it. It explains, if explanation were necessary, why the Soviet leadership is intent on reducing the disruptive influence on the bloc caused by the existence of West Berlin and on eliminating Western forces from Berlin either outright or in stages. The USSR, having announced its intention to renege on its existing obligations, now seeks to secure, inter alia, acceptance of new arrangements devised to strengthen its own hand at the expense of the other parties concerned.

7. The meeting in March of the previously postponed Polish Party Congress appears to confirm that Gomulka has consolidated his hold on the Party although strongly attacking revisionism, the Congress maintained the customary Gomulka balance by also attacking dogmatism. The Congress thus appears to indicate no substantial change in Polish policy. In a strongly worded speech in support of Soviet proposals regarding Berlin and Germany, Gomulka criticised Western policy and demanded that it recognise the Oder-Neisse line as the permanent frontier of Poland. His speech, which included the assertion that "nothing can loosen our voluntary ties that link Poland with the Soviet Union", confirms the closer alignment of Poland with the Soviet bloc which was noted at the time of his November visit to Moscow especially in regard to East-West relations, the German question and Yugoslavia.

8. Satellite economic policies have reflected the harder line adopted in the political field. Although the priority given to investments in heavy industry has not been re-established to pre-1956 levels, there was a tendency to raise production targets and to allocate larger shares of the national incomes to investment. Gradual improvements in living conditions continued, but the rate of improvement tended to level off. Industrial production on the whole rose appreciably, although in some countries there were short-falls in key sectors. In agriculture, the 1958 grain crop was generally less than in 1957, but the output of animal products tended to increase.

9. The drive to socialise the economy and especially agriculture continued in the more orthodox Satellites, and has been extended to Hungary. In Poland on the other hand, peasants and artisans were not subjected to pressure to join co-operatives. In the Soviet Zone of Germany, Poland, Czechoslovakia and Bulgaria, the governments to some extent decentralised the economic administration to increase its efficiency and reduce the power of the bureaucratic machine.

10. The USSR intensified its efforts to consolidate intra-bloc economic ties. After the meeting of CEMA (COMECON) in May 1958, negotiations were held to define fields of specialisation for each Satellite, as well as to lay the basis for co-ordinating foreign trade up to the end of 1965. A number of large joint investment projects are to be put in hand.

11. These efforts at bloc economic integration still meet with difficulties, but they have already had some effect on the pattern of Satellite foreign trade. Intra-bloc trade has risen considerably, whereas the trade between the Satellites and the free world is increasing much more slowly.

12. During the period under review, most of the Satellite régimes have demonstrated some increase in confidence and control. There has, however, been no diminution in the basic hatred of Communist rule and Russian overlordship pervading the peoples of the area. A flexible Soviet policy, which can isolate Tito, prefer an Ulbricht but simultaneously accept a Gomulka, may well prove more profitable for the USSR in Eastern Europe than earlier Stalinist policies.

PART II: COUNTRY STUDIES

YUGOSLAVIA'S RELATIONS WITH THE SOVIET BLOC

13. In the Soviet-Yugoslav dispute, neither side has shown signs of willingness to modify its position, and bloc criticism of Yugoslav policy has recently sharpened. Moscow and Peking were quick to attack the Yugoslav Party Programme in April, 1958, as containing a strong challenge to Soviet ideological monopoly and criticism of the policy of reliance on blocs. The remaining bloc countries joined in the attacks, with Poland at first remaining as discreet as possible on the subject. By November, however, Gomulka was placing on Yugoslavia the entire blame for what had happened, and on March 10th, 1959, at the Polish Party Congress, he stated that no Communist Party could accept the Yugoslav Party Programme. These criticisms however fall far short of those voiced earlier by Khrushchev at the 21st Party Congress, when he implied that rank and file Yugoslav Communists should force a change in their leaders' course, or else rid themselves of their leaders. At both Party Congresses heavy attacks were launched against "revisionism". Yugoslav representatives were not invited to either Congress. At least up to the Third Congress, Poland continued, however, in practice to maintain closer links with Yugoslavia than did the other bloc countries, e.g. through an extensive exchange of Delegations, and the agreement on technical co-operation.

14. As so often, the dispute soon extended beyond the ideological arena. Moscow and Peking continue their reprisals against Yugoslavia. On March 8th, 1959, Tito directly blamed Moscow as responsible for the Bulgarian campaign on the question of Macedonia, and for the Albanian campaign regarding Albanian minorities in Yugoslavia. Talk of "how to improve our relations", he said, could begin only if Moscow were to put a stop to these campaigns. Meanwhile Yugoslavia and Albania have formally withdrawn Ambassadors from each others capitals.

15. The concept of Soviet hegemony over the bloc, inherent in the 1957 Moscow declaration of the 12 parties remains repugnant to Yugoslavia, with its policy of independence and national sovereignty. In most respects Yugoslavia's foreign policy is still in line with that of the USSR, but there are signs of divergency and it would appear that Yugoslavia intends to keep her freedom of judgement and decision.

16. To offset the deterioration in his relations with the bloc, Tito has tried to strengthen his political ties with "neutralist" countries, as well as economic ties with the West. His visits to Asian and African countries have drawn critical references from Moscow, and especially from Peking. On March 8th, back in Belgrade, Tito ascribed the Chinese criticisms as arising from dislike of the Yugoslav "co-existence" policy and of Yugoslavia's stand for equal relations between states and co-operation between countries of differing systems.

POLAND

17. At the Polish Party Congress in March, as at the 21st Party Congress in Moscow, Gomulka took the occasion to reaffirm his support for Soviet proposals on Berlin and the German Peace Treaty, and to direct accusations against Western policies. Following the 21st Party Congress, the Polish Communists have exploited the line that in belonging to the Soviet bloc Poland was backing the winning horse.

18. A revised version of the Rapacki Plan for a denuclearised zone in Central Europe, designed to meet some of the objections to the earlier version, was outlined by Rapacki at a press conference in early November. The Poles have subsequently pressed their proposals informally and have sent notes to certain Western governments proposing that bilateral talks be held on the Plan. It can be expected that Poland and the USSR will revert to the subject when the opportunity arises e.g. in any discussion about European security at an East-West Conference.

19. During the period under review there have been signs of a tightening up in Poland's internal affairs. The Party has, as expected, sought to reassert its control through such means as the curtailment of the powers of the Workers Councils and of the right to strike, and through increased censorship; but the basic gains of October, 1956, with respect to the Church, agriculture, and the secret police are still intact. Legislation respecting the organization of the Bar and of the Universities provides for stricter control of these bodies and opens the way for more government interference with appointments. There are, however, no signs as yet that the government is using its powers to introduce far-reaching changes.

20. The Church, together with the peasantry, remains the main obstacle to the hegemony of the Communist party in Poland. The Church-State agreement of December, 1956, remains in force and there continues to be no reason to believe either side wishes to renounce it. There are, however, certain elements on each side which regard the present balance as unfavourable and which press for further gains. Under these circumstances friction is likely to continue but also to stop short of open rupture.

21. Freedom of the press is at present very limited. All criticism of Soviet policy has disappeared from the Polish press. Even freedom to remain silent has been called into question by Mr. Gomulka. At the Polish Party Congress he referred to "bourgeois snobs and revisionist critics", and deplored the lack of co-operation from Polish writers and intellectuals. Polish writers do not appear, however, to fear a return to the excesses of the Stalin period, at least for the moment.

22. The holding of the Third Party Congress in March indicated that control and unity of the party are now sufficiently re-established to ensure support for the Party's policies. The Congress would seem to mark a further stage in the consolidation of Gomulka's position, and in the strengthening of the Party.

23. After a pause of two years imposed by the need to restore order in industrial production which had been disorganized by the frequent disproportion between investment requirements and capabilities, Mr. Gomulka announced that progress towards Socialism would recommence in the course of the second five-year plan 1961-65. The new five-year plan provides for a stepped-up rate of development for heavy versus light industry, but this is not expected to cause a return to the severe disproportions between their respective rates of development which prevailed during 1950-53. There are indications that the share of national income allotted to consumption will increase, but at a lower rate than has been the case since 1954.

24. Industrial production increased by 9.5% in 1958, and in agriculture production showed an increase of 3% over that of 1957. The harvest was almost equal to the record of 1957, while the output of meat and dairy products increased sharply.

25. Poland's economic situation nevertheless remains precarious. Among the problems which the government must solve is the unsatisfactory balance of payments, the inadequate level of investment, the rapid increase in the population and latent discontent among the workers. Poland remains economically dependent on the USSR and this dependence has been accentuated by the decreasing demand in Western Europe for the coal and meat that Poland exports to this area.

26. In spite of prevailing general apathy and continuing dissatisfaction of workers with the current wage-price relationship, the desperate housing shortage, and the inadequacy of consumer goods, labour discipline appears somewhat improved, being reflected in a decline of absenteeism.

27. The Polish Government remains cautious in applying its social policies. Although it has repeated its intention of collectivising all land eventually, it has not put pressure on the farmers to join collective farms and has confirmed that it proposes to abolish compulsory deliveries of agricultural products. The Minister of Agriculture, Mr. Ochab, is reported to have told the Third Party Congress that the Government had rejected the advice of "dogmatists" who were urging more rapid collectivisation.

THE SOVIET OCCUPIED ZONE OF GERMANY

28. Moscow recognises the strength of the continuing popular opposition to the Communist régime and is more fearful of its consequences here than elsewhere in the bloc. For this reason,

as well as for the purposes of its general European policy, it regards the presence of substantial Soviet forces in the Zone as essential.

29. In the latter half of 1958, the East Zone régime carried out major structural and personnel changes within the party, the state apparatus, and economic and educational institutions.

30. In the religious field, the Zone régime launched a major campaign against the Evangelical Church, ostensibly for having endorsed the remilitarisation of the Federal Republic. This is an unprecedented threat to the unity of the Evangelical Church in Germany.

31. The flow of refugees to the West, largely canalised through Berlin, continues to be a major preoccupation of the régime. As compared with previous years, the flow included a higher proportion of teachers, students and above all doctors. As a result, the régime took measures, with some apparent success, to reassure doctors in the Zone that they and their children would not be subject to unduly irksome treatment.

32. The Communist leaders and their Soviet masters are making a considerable effort to provide the basis for an increase in the standard of living in the Zone. This effort is likely to continue in order to try to reduce the disparity between the standard of living in the Eastern Zone and in the Federal Republic. The USSR has agreed to relieve the Zone of further occupation costs which amounted to 600 million eastern DM in 1958. Certain economic concessions have been made to the population. In May, rationing ended at last, thanks in part to increased imports of foodstuffs from the USSR. Measures were taken (changes in wage levels, taxation, etc.) designed to leave intact, or to improve, the economic situation of industrial workers, while penalising private enterprise and the earners of larger incomes.

33. The Zone has been since 1957 the principal trading partner of the USSR. A Soviet-East Zone trade agreement in July provided for increased Soviet deliveries of foodstuffs and raw materials in return for machinery and chemical products. There have also been reports of considerable Soviet credits for 1959 for the development of industry in the Zone. An oil refinery is to be built in the Soviet Zone, and a pipeline constructed from Baku to Frankfurt-on-the-Oder. Increased supplies of raw materials from the USSR enabled the régime to avoid undertaking certain costly and unprofitable investments in the basic industries. All these measures have, however, so far, made little impact, although there has been some improvement in living standards.

34. The Pankow régime continued its efforts to increase its international prestige and status, notably through economic relations, e.g. trade agreements with Iraq, Ghana and Guinea.

However, its attempts to obtain diplomatic recognition from the non-Communist world have met with no success. Mr. Grotewohl, who also paid a visit to Iraq, received from Nasser the courtesies of a state visit.

35. Although Pankow maintains diplomatic relations with Yugoslavia, it continues to join in the attacks on revisionism. It has been one of the most enthusiastic supporters among the Satellites of the economic, political and social integration of the entire Sino-Soviet world.

HUNGARY

36. Although imprisonment and execution of persons connected with the 1956 revolt continued, with minimum publicity, long after the event, the Hungarian Government hopes that lapse of time will help it to achieve respectability. Its recent exchanges with the United States regarding the state of relations between the two countries can be taken as an illustration of this wish. Notes, which have not been published, have been sent to France, Italy and the UK (and possibly to other governments) protesting about the line taken by these countries at the last UN General Assembly debate on Hungary. The Hungarian Government may be opening a campaign to prevent further consideration of this item at the next Assembly.

37. The first elections since the uprising of 1956 were held in November - 18 months after they were legally due. Some of those elected were not previously known as Communists but will undoubtedly toe the party line. That the elections were held at all was evidence of the régime's confidence in the ability to control both the Hungarian people and the outcome of the ballots. But great efforts were made in an attempt to show that the régime enjoyed massive support and that this was freely given. Indeed the main aim was to convince the outside world that further "interference" in Hungarian affairs would be unjustified.

38. The reconstituted Hungarian Socialist Workers' (Communist) Party continues to be plagued chiefly by the prevalence of factional strife and by its inability to organize reliable local cadres. The extremists in the leadership appear to be gaining in strength and confidence. Kadar seems for the time being to continue to enjoy Khrushchev's support. He probably also has a considerable following in the middle ranks of the party.

39. There are still signs of non-co-operation on the part of writers, lawyers and other intellectuals. Writers continue to confine themselves to non-political historical works. However, three writers, after suitable self-abasement, had their sentences of imprisonment "suspended". A widespread purge of the legal profession is in progress, including the disbarment of all lawyers not prepared to co-operate fully with the régime.

40. Strong pressure continues to be put on the Churches. Certain prelates have been forced to abandon their functions, among them are Lutheran and one Catholic bishop. Others have had to accept "progressive" priests among their closest collaborators. Last October, the government refused to give Cardinal Mindszenty - who is still at the United States Legation - permission to go to Rome to participate in the election of the Pope.

41. The economy has continued to improve slowly, and has now recovered from the effects of the 1956 revolution. The continued self-confidence of the régime is reflected in the new drive to collectivise agriculture. The Government seems to have thought it wiser not to reduce consumption for the benefit of the balance of payments and capital investment but in recent months there has been a return to coercive measures to achieve agricultural socialisation; the régime now claims attainment of a larger socialised sector than existed prior to the 1956 uprising and seeks complete socialisation of agriculture by 1965.

CZECHOSLOVAKIA

42. Czechoslovakia, considered the most stable and prosperous Satellite, continues to play its accustomed rôle as one of the most loyal and trusted members of the bloc.

43. The Eleventh Party Congress in June, 1958, announced that almost all of the country's agriculture would be collectivised by 1960, industrial production nearly doubled by 1965, and agricultural output increased by 40% by 1965. A new central committee and Politburo were elected, including Jiri Henrych, the party ideologist, and Paval David, a Slovak leader. The latter appointment suggests an effort to placate nationalist feelings in Slovakia.

44. The régime has tightened its control over the armed forces, the Union of Czechoslovak Youth and the intellectuals, and stiffer sentences have been meted out for social crimes such as hooliganism, theft, etc. A limited economic decentralisation, ostensibly aimed at increasing efficiency, was used to get rid of all persons presumed to be unsympathetic or hostile because of their class origins or past behaviour.

45. The economy continues to function relatively satisfactorily. The standard of living, though leaving much to be desired, continues to rise steadily, and is higher than elsewhere in the bloc. The introduction of a new wage system has however caused some difficulties for the régime. The new system, which involves the raising of basic pay but a lowering of the bonus element in the wage-packet, is associated with a readjustment in the norms of work. It has proved highly unpopular, in spite of a heavy propaganda effort in support of it. It is reported that some disturbances took place in factories in various parts

of the country in protest against the new wages plan, and that troops were used to maintain order. The government are, however, proceeding with the gradual introduction of the new scheme.

46. Czechoslovakia which is the only Satellite that has not received large-scale economic assistance from the USSR, is also one of the principal proponents of the economic integration of the members of the bloc, and has entered into a number of specialisation agreements with its neighbours. It has expanded its trade with China, and continues to be one of the most solid supports of the Soviet economic drive in the under-developed countries.

RUMANIA

47. In 1958, and particularly towards the latter part of the year, Rumania's rulers concentrated on a house-cleaning campaign. After the removal of two Politburo members in mid-1957, four alternate Politburo members, regional and local officials, and many ordinary party members were purged.

48. The régime continued to be primarily concerned with internal security. Harsher policies were applied in several fields. A decree of 21st July introduced a number of severe and arbitrary penalties into the Penal Code: e.g. the death sentence for contacting foreigners with a view to "engaging the state in a declaration of neutrality" and stricter penalties for the distribution of forbidden publications and for violence and threats against officials. Attacks were made on "liberal judges" and "bourgeois-minded" lawyers were disbarred. The régime repeatedly threatened writers, artists, and others for straying from the party line. Repressive measures against the Churches were taken and priests arrested.

49. The régime has also continued to be markedly concerned with the elimination of the last vestiges of private practice in a number of trades and professions. The exodus of Jews may be intended to serve this purpose to some extent and may also partly reflect the régime's preoccupation with internal security. The greatly increased flow of emigrants to Israel over recent months is unlikely to continue. The unfavourable Arab reaction may have caused the Rumanian government to moderate the exodus.

50. To some extent, Rumania has increased its cultural and economic contacts with the West. Rumanian officials continue to stress their desire for trade with non-bloc countries and some success has been achieved in this field.

BULGARIA

51. The Seventh Congress of the party was held in June 1958, the keynote being anti-revisionism. The directives then

issued have led to the strengthening of party discipline and the intensification of ideological and party action among the masses. Curbs on intellectuals have continued.

52. Changes in the Council of Ministers included the replacement of General Panchevski, the Minister of Defence, following criticism of political indoctrination work in the armed forces. Chervenkov relinquished the Ministry of Education, but retained the Deputy Premiership, and probably continues to play a key rôle behind the scenes.

53. A major reorganization of the Bulgarian administrative, economic and social apparatus was recently announced. The aim is to eliminate some of the excessive centralism hitherto characteristic of the régime, and to delegate responsibility to newly established provincial councils in these spheres of action. Bulgaria thus hews to the line begun in the USSR and later taken up in the Eastern Zone of Germany, Poland and Czechoslovakia, but in some ways the Bulgarian scheme is more ambitious. It was preceded by economic and administrative measures to step up the drive against corruption and waste, even the death penalty being envisaged in certain circumstances.

54. Bulgaria continues to lead the Satellites in the field of collectivisation and is regrouping the co-operatives into territorial units with particular emphasis on the creation of large units: 92% of the arable land is now collectivised. The Government's initial welcome of the Chinese commune system was, however, later soft-pedalled, presumably in deference to Soviet reservations. In the field of industrial production, the government has ambitious plans: the five-year plan has become a three-year plan and the targets set for 1962 are now set for 1960.

55. Bulgaria's economy is being integrated more and more with that of the Soviet bloc and of the USSR in particular, the trend being for Bulgaria to specialise in the production of ores, tobacco, wine and consumer goods.

56. The quarrel between Yugoslavia and Bulgaria, apart from its ideological aspect, has assumed a special character with Sofia once more raising the Macedonian question.

ALBANIA

57. Purges have taken place in the higher ranks of the police and Army, the effect of which is reported to be the elimination of certain people who maintained relations with the "Titoists" condemned in 1956. Yugoslav families have been deported from the Tirana area. Albania has participated with special enthusiasm in the campaign against Yugoslav revisionism. The leaders have raised the question of the Albanian minorities of Montenegro, of Kosmet and of Macedonia.

58. The number of Soviet advisers seems to have increased, particularly in industrial enterprises.

59. The policy of forced collectivisation is being pursued in agriculture and nearly 80% of the arable land is now socialised. In industry, the main effort is being directed at the development of national mineral resources, especially oil. The government has taken certain steps to improve the living conditions of the people, particularly by lowering prices, but the standard of living remains very low.

60. The system of communications between Albania and the other countries of the Soviet bloc is being developed: Tirana is now an important aerial junction between the Soviet bloc countries and the Middle East. Albania has been allotted an active rôle in contacts between the Soviet bloc and the Moslem world.

61. The Albanian Government has protested to the Italian Government against the siting of launching ramps in Italy, and has announced that similar installations will be constructed in Albanian territory.

62. Some normalisation of relations with the free world has taken place, e.g. re-establishment of diplomatic relations with Turkey and membership of UNESCO. Nevertheless, of the countries of Eastern Europe, Albania remains the one most cut off, and the one in which the Communist régime has maintained a particularly "Stalinist" atmosphere.

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